

Vermont Insurance Division

BULLETIN 22: Proper Identification by Insurance Producers

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The use by life insurance agents and brokers on business cards, stationery and other printed material and in verbal presentations of titles such as financial planner, fiscal adviser, investment counselor, financial analyst, and estate planner and other titles which tend to lead prospective insureds to believe they are purchasing something other than insurance, is becoming increasingly prevalent in Vermont and is a matter of concern to this department.

It is also the opinion of this department that other titles not described above, used in life or in other lines of insurance, although not in themselves deceptive, are misleading unless all material using the term also contains the designation insurance agent or broker or life insurance agent or broker at least as prominently as the term in question. The term estate planner is misleading unless it is clearly revealed in context that the estate planning service is offered in conjunction with the sales of life insurance products.

In addition, Section 4802 of Title 8 which became effective July 1, 1974 provides for the licensing of insurance consultants. Persons who are not licensed by this department as consultants may not hold themselves out to the public in any manner as consultants. This includes the use of the word consultant in a business title, or on any business cards, stationery, or other printed materials as well as verbal presentations. Section 4802 also prohibits anyone from holding an agent's or broker's license simultaneously with a consultant's license. The law does permit an agent or broker to charge a fee for his advice as long as he enters into a prior written agreement with the policyholder, client, or other member of the public (4724(14)).

Section 4724 entitled, Unfair Methods of Competition or Unfair or Deceptive Acts or Practices Defined makes it an unfair trade practice for any person to offer his services to the public in such a way as to mislead or fail to adequately disclose to the public the true nature of the services offered. It is the opinion of this department that the practices described above are encompassed within the Unfair and Deceptive Acts or Practices as defined in that section. The Department of Banking and Insurance will apply the sanctions of the Unfair or Deceptive Insurance Practices Act (Chapter 129 of Title 8 and Chapter 131 of Title 8) when such practices by agents or brokers are detected and proven. It shall be the responsibility of insurance companies to instruct their agents and ensure their compliance with this bulletin.

James A. Guest

COMMISSIONER OF BANKING AND INSURANCE